GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2917
ANSWERED ON:20.03.2007
SAFTA
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India has asked Pakistan to comply with South Asian Free Trade Agreement(SAFTA) during the Council of Ministers` meeting at Kathmandu recently;

(b) if so, the reasons therefor;

(c) whether any differences exist between the two countries over the implementation of SAFTA;

(d) if so, the steps being taken to bridge these differences; and

(e) the extent of role expected from India and Pakistan in expanding trade in the South Asian Region?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) Yes Sir; In the Second Meeting of the SAFTA Ministerial Council (SMC) held in Kathmandu, Nepal on 26th February 2007.

(b) to (d) The Agreement on South Asian Free Trade Area (SAFTA), after ratification by all the seven member countries of South Asian Association for Regional Cooperation (SAARC) , including India and Pakistan, has come into force from 1 January 2006. As per the Phased Trade Liberalization Programme under Article 7 of the SAFTA, all member countries of SAARC are required to reduce tariffs on all tariff lines, except those items kept in the Sensitive List by each member country, to zero to five percent within ten years of coming into force of SAFTA. This TLP has been implemented with effect from 1 July 2006 and all member countries have notified tariff concessions for the first phase to be completed by 31.12.2007. The notification of Pakistan for tariff concessions of SAFTA is with a rider that imports from India under SAFTA would continue to be as per their Import Policy Order which prescribes a list of importable items from India, called Positive List, now consisting of 1075 items. This partial accession to the SAFTA Agreement by Pakistan which is targeted entirely towards India and not towards other SAFTA countries is against the letter and spirit of SAFTA. In the Second Meeting of the SAFTA Ministerial Council, India emphasized the need for implementing SAFTA in its letter and spirit. India expressed concerns on Pakistan`s India-specific derogation of SAFTA. While Pakistan indicated their full commitment to SAFTA and hoped to resolve this issue amicably, the second SMC meeting could not find a solution to this issue.

(e) Success of SAFTA, which is expected to boost intra-SAARC trade significantly, would depend on its implementation in letter and spirit by all member countries including India and Pakistan. India has given all SAFTA concessions to all countries including Pakistan. Pakistan is also expected to implement SAFTA in full without any India-specific restriction.